FOREIGN AGRICULTURE

OCTOBER
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India—the old and the new

Foreign Customers Have Fewer Dollars
India's Economy and Farm Imports
Colombia as a Market

UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

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To report and interpret world agricultural developments.

Foreign Buying Power

Export records commonly are maintained on a split-year basis. The split year 1956-57 set a new high level in U.S. agricultural exports. Now we are in the new export year, 1957-58. And American agriculture faces its annual question: How much will we be able to export?

Government export programs (barter, relief donations, sales for foreign currencies) occupy a useful place in today's export picture, but the most desirable way to export farm products remains the time-honored commercial way of selling them to foreign importers for dollars.

Quoting Gwynn Garnett, Administrator of the Foreign Agricultural Service:

"Dollars are the medium of exchange for American business. Therefore, the gold and dollar holdings of a foreign country are a barometer of that country's ability to buy from us. . . . Smaller gold and dollar reserves show up in smaller purchases."

For more on this timely subject, one that is basic to the outlook for our agricultural exports, we recommend the lead article in this issue, "Foreign Customers Have Fewer Dollars," beginning on page 3.

Cover Photograph

India's women draw river water in the age-old way. Behind them, a new thermal power plant symbolizes the economic development now raising India's living standards. Story on page 5. (Photo from World Bank.)

In This Issue

	Page
Foreign Customers Have Fewer Dollars	3
How India's 5-Year Plans Affect Its Farm Imports	5
New Trade Pact Gives Australia Bigger Farm Markets in Japan	8
What Irrigation Means to Israel's Agriculture	9
Long-Term Projections of Farm-Product Demand	11
Does Colombia Offer a Future Market for Our Farm Products?	12
Brazil Puts New Life into Its Cacao Industry	15
High Farming on Britain's Big Estates	16
A Look at Western Europe as a Cotton Market	18
The Philippines Will Need More U.S. Cotton	19
Trading Post	22

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Foreign Customers Have Fewer Dollars

When the American housewife gets to the checkout counter of the supermarket, she must pay for her groceries. All her expenditures, in fact, are limited by the money she has on hand and in prospect. Nations do business in essentially the same way. Their earnings (or receipts) of money set a limit on their expenditures (or payments) of money; and the amount of money on hand at any particular time controls how much they can or will spend.

Governments, like housewives, may run short of money because of extra unforeseen needs or a drop in income. They may get credit, but that is only relief, not solution. Sooner or later they must pay their bills. If income stays down, they must cut expenditures; but they will scrimp selectively, concentrating on essential and much wanted items. Both governments and housewives try to keep a working cash reserve; only when there is no other choice do they spend their last nickel.

New dollar shortages are threatening in various parts of the world. How does this affect the farm export outlook?

By WILLIAM F. DOERING*

International Monetary Branch
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WHAT THE WORLD BUYS from the United States it must pay for in dollars. With a few special exceptions, such as sales for foreign currencies, the only alternative is gold. The foreign importer who buys our goods has no dollars; all he has is his own country's money—pesos, pounds, piasters. To get dollars, he has to go to his government or his bank. If they are short of dollars, they will probably tell him "No"—and this potential foreign trade transaction sale by an American exporter will not take place.

What the world can buy from the United States is thus limited by how many dollars, and how much gold, it has; this is its buying power. When the total goes up, our foreign trade outlook becomes brighter. When it goes down, our sales suffer as foreign belts are tightened. Foreign holdings of gold and dollars are thus a good weathervane to show how the trade winds are blowing.

*With the assistance of Dale K. Vining.

Trends

Total holdings of gold and dollars outside the United States are currently about $29 billion.[1] Roughly half is gold and half is dollars.

From 1949 to 1956, the yearly increase was about $2 billion. About

[1]Not including gold holdings of the USSR and Mainland China, or gold and dollars held by international institutions such as the United Nations and the International Monetary Fund.

three-quarters of a billion of this was additions to the supply of monetary gold. The rest reflected the fact that, over this period, the United States annually paid out about 1¼ billion more in dollars than it received—even though U.S. exports regularly exceed imports. What happened was that the export surplus was more than balanced by the combined effect of U.S. Government defense and assistance expenditures (including those for the Korean conflict) and a very substantial outflow of U.S. private investment capital. As reserves increased, efforts to reduce discrimination against our exports began to succeed, and a number of countries liberalized much of their dollar trade.

Current Situation

During January-March 1957, this increase stopped. Total foreign reserves dropped by $138 million, despite continuing additions to the gold supply. In dollars alone, we gained—and the world lost—$340 million. This was our first "favorable" balance of payments since 1952. It was featured by a runaway increase in our exports, at an annual rate of over $20 billion. If this continues, the 1957 "trade gap" will be over $7 billion.

There are a number of reasons why U.S. exports are at record levels and why foreign countries have bought heavily even though it meant cutting into their dollar reserves. Most of the free world is experiencing a boom, and the boom must be fed by raw materials, other basic commodities, and semifinished goods. In many parts of the world, industrialization and increased consumption are being promoted by economic programs. Some of these programs have gotten out of control, with the result that imports of materials and machinery have increased faster than the country's ability to pay. Inflation has accompanied the boom,

and in some countries has grown to proportions that threaten their economies. Prices rise and export earnings fall; and where there is inflation, there is speculation—and new demands, as merchants and ordinary citizens alike seek to turn shrinking currency into tangible possessions, including inventories of imported merchandise.

On top of such long-term factors has been added a rash of expensive short-run troubles. These are the headline events familiar to all of us—the Suez Canal stoppage, the cutting of oil pipelines, the conflicts in Algeria and North Africa, the 1956 citrus crop failure in Spain, the uprisings in Indonesia, and so on. Such calamities hurt dollar earnings and reserves.

Current holdings of gold and dollars are concentrated in four countries —Germany, the United Kingdom (including the sterling area dollar pool), Canada, and Switzerland. These hold 40 percent of the $29 billion total. The addition of six more—Belgium, the Netherlands, France, Italy, Japan, and Venezuela—accounts for nearly two-thirds.

Some of the countries are doing well. West Germany, with $3.5 billion, is now the world's largest gold-and-dollar holder. Germany's gains reflect its aggressive export policy and competitive prices, its heavy trade surplus in the European Payments Union (resulting in gold and dollar transfers), and its income from U.S. military installations.

The next largest gains in recent years have been by Canada and Venezuela, reflecting a continuing inflow of investment capital and, for Venezuela, large oil earnings. Italy and Switzerland have also gained substantially.

At the other extreme is France, whose gold and dollar reserves slid from $2.1 billion in 1955 to less than $1 billion in May 1957. Along with the costs of the Suez and Algerian crises, inflation has plagued the country. Spiraling prices tended to price French exports out of the world market, even with export subsidies—which further added to government deficits and inflationary pressures. As inflation brought with it rumors of impending new import restrictions, imports became excessive. A few months ago the restrictions came, and on August 10, a de facto 20-percent devaluation of the franc took place; but France still faces major problems.[2]

The United Kingdom—which is the banker for the sterling area countries —is also facing difficulties. The effects of Suez and the demands of the industrial boom, plus inflation or extensive development programs in some countries of the area, have taxed gold and dollar reserves heavily. Although the United Kingdom is taking steps to deal with the situation, the prospect is for declining reserves during the rest of 1957.

In another major trading country, Japan, unusually large imports depleted dollar reserves by over one-fourth during the first 5 months of 1957. Japan has already taken measures to bring the situation under control, and the prospect for success is good.

HIGHLIGHTS OF U.S. BALANCE OF PAYMENTS, 1955-57

	1955 Bil. dol.	1956 Bil. dol.	Jan.-June 1957 Bil. dol.
Merchandise:			
Exports	+14.3	+17.3	+5.1
Imports	−11.5	−12.8	−3.3
Surplus	+2.8	+4.5	+1.8
Services, other transactions	+2.3	+2.7	+.8
Net capital outflow	−1.2	−3.0	−.8
U.S. government expenditures, aid	−5.3	−5.6	−1.5
Net balance	−1.4	−1.4	+.3

Note: Plus sign denotes receipts; minus sign denotes payments.

U.S. Department of Commerce, Survey of Current Business.

THE FOURTEEN LARGEST HOLDERS OF GOLD AND DOLLAR ASSETS, AS OF MARCH 31, 1957

Country	Gold and dollar holdings Mil. dol.
Germany (Federal Republic)	3,533
United Kingdom	3,100
Canada	3,043
Switzerland	2,548
France	1,311
Italy	1,218
Belgium-Luxembourg	1,180
Venezuela	1,045
Japan	1,040
Netherlands	1,034
Portugal	628
Mexico[1]	580
Brazil	557
Cuba	520

[1]Jan. 31, 1957.

Federal Reserve Bulletin, June 1957.

Outlook

There are signs that a new trend began with the shift which took place early this year from an "unfavorable" to a "favorable" payments balance for the United States. On its face, this appears a welcome development, and that may be true in the short run, especially for certain types of export industry. But it also means that the buying power of foreign countries for our goods and services is being weakened.

This means a tightening of belts and of trade restrictions, particularly those on purchases from the United States. This has already happened in France, Japan, India, and a great many other countries. The effort will be to hold all imports down, especially those that have to be paid for in dollars.

How will this selectivity in the administration of import controls around the world affect our farm exports?

Our agricultural trade may possibly feel the pinch of trade restrictions more than our industrial trade. The key point here is that restrictions are being imposed not during a depression but during a boom. Governments everywhere want to keep the boom going and promote economic development and industrial expansion. The tendency will be to ration their scarce dollars accordingly and—within the limits imposed by food import needs and the availability of supplies from nondollar sources—give preference to industrial goods and raw materials over agricultural commodities.

Declining foreign buying power and the trade restrictions it brings mean difficulties for our farm exports in the year ahead. From a monetary standpoint, they face perhaps the hardest year since the Korean conflict, and it will require tremendous effort and real ingenuity to maintain them at a relatively high level.

[2]The official French position is that modification of the foreign exchange control system, rather than a devaluation, has taken place. The practical effect has been to change the exchange rate from 350 to 420 francs per dollar for most transactions.

This thermal power plant, built under India's Second Five-Year Plan, is sparking industrial expansion in the Bombay area—best known for its textile industry.

Courtesy World Bank

How India's 5-Year Plans Affect Its Farm Imports

By Clarence E. Pike
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ONLY A FEW YEARS AGO, if India had reached its present level of agricultural production, it would have been self-sufficient in most items. But India's demand for farm products has increased as its Five-Year Plans have developed and changed its economy. Because of this development, and despite certain problems that lessen the immediate prospects for dollar sales, U.S. farm products can look forward to a substantial commercial market in India over the long run.

In recent years, India's total agricultural imports have averaged more than $300 million annually, and have consisted mostly of raw cotton, rice, and wheat. Imports of these three commodities, however, fluctuate widely year by year, depending on India's own crops and carryover stocks.

India's leading agricultural imports from the United States include food grains, raw cotton, flue-cured tobacco, milk products, and packaged and canned food products. *Food grains,* principally wheat, have in several recent years been important U.S. exports to India. Australia has been our principal competitor in the sale of wheat. India imports *cotton* of the longer staple lengths. Since 1949-50 we have supplied a significant share of the needs for staple lengths 1 1/16 to 1 1/8 inches. However, India gets the bulk of its supply of this cotton from Kenya and the Sudan. High-quality flue-cured *tobacco,* a traditional Indian import from the United States, is used for blending in the more expensive cigarette brands. Though we have faced little or no competition from other foreign sources, this market has undergone a gradual decline, due—at least in part—to some improvement in the quality of Indian flue-cured leaf. Much of the U.S. *milk* products imported have been nonfat dry milk made available under U.S. Government programs. Our *packaged and canned goods* go largely to the limited luxury trade and face stiff competition from soft-currency sources.

Effects of the Five-Year Plans

In March 1956 India successfully completed its first Five-Year Plan, which put major stress on agriculture. The First Plan phased into a second and more ambitious plan which puts increasing emphasis on industrialization.

At the beginning of the First Plan, production of food grains, as well as of many principal commercial crops, was well below the minimum needs of the country. For food grains alone, the deficit—even at the low per capita consumption level then existing—exceeded 3 million metric tons. Food grains, sugar, and cotton cloth were subject to rationing and price controls.

To overcome or reduce these deficiencies, the government planned large increases in farm production. Most of the targets were reached, and overall agricultural production increased by an estimated 19 percent. Production of the basic food grains and pulses went up by 11 million tons. The government was able to abandon its system of forced procurement of food grains. Food-grain imports dropped sharply; rationing ended. By 1954-55 a feeling that the country had attained self-sufficiency in food became widespread.

As farm output went up, so did the average consumer's ability to buy farm products; for the First Plan also saw impressive gains in other segments of the economy. Per capita consumption

Local seed cotton comes by cart to county auction. For its textile industry, India imports longer staple growths.

Photos by Eric Shearer

School girl practices hand spinning. The yarn she makes from local cotton will be hand-woven into khadi cloth.

of goods and services rose by about 7 percent from 1951 to 1956. Power generating capacity rose by 1.1 million kilowatts, or nearly 50 percent, during the period of the Plan. Cotton cloth production increased by 45 percent, from 4.6 billion yards to 6.7 billion.

The higher consumer income, in large measure brought about by expenditures under the development program, resulted in increased per capita consumption and demand for food. This was accompanied by some improvement in the quality of the diet. The Indian Ministry of Food and Agriculture estimated that average daily per capita consumption increased by 276 calories between 1950-51 and 1955-56.

Price Problems

However, progress in raising farm output brought new problems. Beginning with the 1952-53 crop, India enjoyed good to excellent growing seasons. Larger crops pushed prices of food grains down, and by December 1954 the government had to establish price supports for certain coarse grains. During the following months supports were extended to practically all grains.

The fall in the general level of prices was arrested towards the middle of 1955, and by late 1955 grain prices showed an upward tendency. Then, in 1955-56, came a moderate decline in production, accompanied by declining stocks and steadily rising prices for food grains and other essential commodities. The index of wholesale prices went up by about 18 percent from July 1955 to June 1957. Local scarcities began to appear early in 1956, and after July the need for large food-grain imports was apparent.

Foreign-Exchange Problems

Also apparent in the latter half of 1956 was a rapid decline in foreign-exchange holdings. This situation resulted directly from increased expenditures for imports of development goods and materials for the expanding industries. Foreign-exchange reserves dropped steadily from $1,567 million in March 1956 to $825 million by the second week of August 1957, despite the drawing of $200 million from the International Monetary Fund this year.

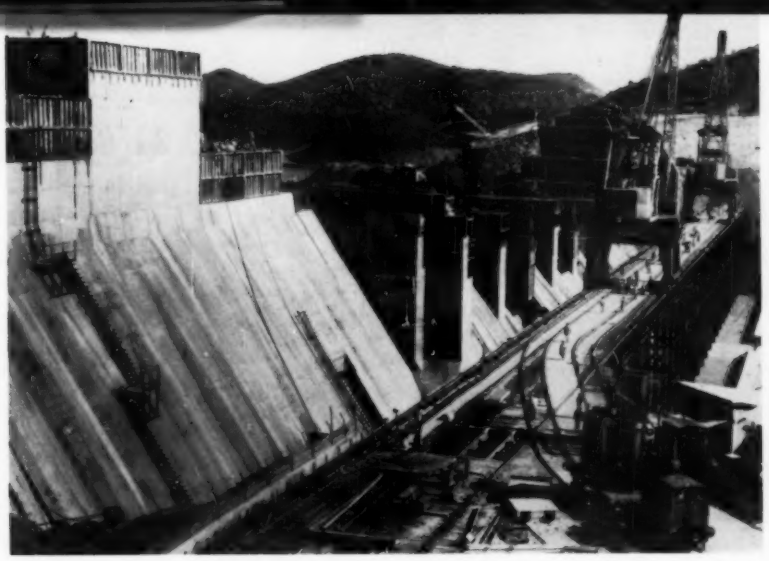
The government has taken a number of measures to combat this serious situation of rising domestic prices and declining foreign-exchange reserves. It has tightened credit, increased taxes, promoted exports, and imposed drastic import restrictions.

From the standpoint of U.S. exporters to India, the import restrictions are most immediately significant. The Government of India's import policy for January-June 1957 placed new curbs on imports of 509 commodities described as "relatively less essential" to the needs of India's economic development. The agricultural commodities for which import quotas were curtailed included manufactured tobacco, cigars, cigarettes, fish, fruits, butter, cheese, ghee, and milk products. However, since the foreign-exchange position with regard to the dollar area was considered relatively better, the import policy provided that all soft-currency licenses issued during the period would be valid for imports from the dollar area up to 50 percent of their face value.

Since these measures did not halt the outflow of reserves, the licensing policy for the July-September 1957 period aimed at a drastic reduction in imports. No licenses were to be issued for consumer goods except for border trade between India and Pakistan in such items as poultry, fish, fresh vegetables, and eggs. Licenses for essential raw materials were to be issued on an individual basis after strict scrutiny.

Outlook for U.S. Farm Exports

These developments are not encouraging from the standpoint of U.S. exporters who want to expand, or even maintain, their markets in India. However, for the immediate future, agricultural imports into India are not expected to suffer as much as imports of manufactured consumer goods. People's demands for food and clothing must and will receive high priority. And imports of U.S. agricultural commodities for Indian currency under Public Law 480 are making it possible for India to meet much of the increased per capita demand for food and fiber. The Public Law 480 agreement signed in August 1956 for $360.1



This multi-purpose dam in India's rich Damodar Valley is part of a vast project that includes flood control, power expansion, and irrigation of a million acres.

Photo by J. Malcolm Orchard

Skilled operators of farm machinery help open up new cropland in India.

million provided financing for the following items: wheat, $200 million; cotton, $70 million; rice, $26.4 million; tobacco, $6 million; dairy products, $3.5 million; and estimated ocean transportation, $54.2 million. The rice was to be shipped the first year and the other commodities over a 3-year period.

Owing to these sizable imports of food grains, plus the larger domestic production in 1956-57, the upward movement of grain prices that began in 1955 has recently shown a tendency to level off. From November 1956 through June 1957, food-grain arrivals under Public Law 480 were 1,183,713 metric tons of wheat and 192,953 of rice. For the 12 months ending June 30, 1957, grain imports totaled approximately 3 million tons, compared with only 287,500 the year before.

In the past, government purchases of wheat and rice, like most of India's agricultural imports, have come largely from nearby sources where cheaper, lower quality commodities could be purchased in order to get greater bulk. However, there is a market in India for better quality produce. For example, were it not for government buying, the market for hard wheat would be larger. There is a growing switch in consumption from the customary unleavened wheat cakes and rice to bread; and Indian millers recognize that good bread flour requires hard wheat, which domestic production does not supply. Shipments of hard wheat under Public Law 480 could be of considerable assistance in developing this market.

Products supplied under Public Law 480 will undoubtedly help acquaint buyers with U.S. products and so create a greater demand. This has already happened with the U.S. nonfat milk powder supplied for distribution in India by nonprofit voluntary agencies and for emergency feeding by the government. Certain other dairy-surplus countries have, however, been able to undersell the United States and thus benefit from the newly created demand. For example, despite import restrictions imposed since January, New Zealand's sales of skim milk powder to India during the year ending July 31, 1957, were a record 10,000 tons, a 20-percent increase over 1956.

Considerable prejudice against U.S. cotton exists among Indian cotton processors, but most of it is due to lack of familiarity with the characteristics of this cotton. On the other hand, some cotton processors prefer U.S. cotton and use it regularly. The fact that 150,000 bales of U.S. cotton were purchased for dollars last year when U.S. prices became competitive shows that there is a large potential market in India. Shipments under Public Law 480 should have a decided influence on future sales for dollars.

Despite the many problems that at present confront the Indian economy, the long-term outlook for the sale of U.S. farm products in India is definitely encouraging. The pressures to which the economy is currently subjected result in part from the rising rate of personal consumption and the insistence of the people for a higher standard of living. People are becoming aware of the need for variety in their diet, and are moving away from the traditional dependence on cereals for most of the calories consumed. Also, consumer numbers are increasing at an estimated 1.3 percent per year.

The commercial market in India for agricultural products some 5, 10, or more years from now hinges largely on the success of the country's economic development programs. Progress has been noteworthy since the inauguration of the First Five-Year Plan, though unquestionably the current foreign-exchange difficulties threaten the success of the Second Plan. If the efforts being made to overcome these difficulties succeed, then by the end of the Second Plan India should have developed the basis for further rapid industrialization accompanied by a rise in per capita income and consumption Production of export goods, both agricultural and industrial, will have increased. This will provide more foreign exchange for imports. Thus prospects are favorable for a future effective demand in India for an increased quantity and variety of imported agricultural products, accompanied by the ability to pay for larger imports. However, if we are to share fully in the Indian market, our products must compete in both price and quality.

New Trade Pact Gives Australia Bigger Farm Market in Japan

By Mary Ellen Long
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OF SPECIAL SIGNIFICANCE to the United States is the new trade pact between Japan and Australia. Through this agreement, Japan expects special tariff treatment for its exports to Australia. At the same time, Australia expects to obtain through 1960 firm markets in Japan for its agricultural exports. And most of the agricultural commodities that Australia will ship to Japan are competitive with U.S. exports to that country.

Two important developments motivated this trade agreement. First, the Australians have felt over a period of years that they could compete in the Japanese market on a long-term basis with other suppliers of agricultural products, provided exchange allocations were authorized by Japan. And second, the trade between the two countries in the past few years has created a serious imbalance for Japan.

Japan today is second only to the United Kingdom as an outlet for Australian products; and this market is particularly good for wool, barley and semi-hard wheat. In contrast, Japan's exports to Australia, chiefly textiles and manufactured goods, have suffered from Australian licensing and tariff discriminations. As a result, a serious trade imbalance with Japan has threatened Australia's future prospects in the Japanese market. For example, in the year ending June 30, 1957, Australia's exports to Japan totaled approximately $314 million, while its imports from Japan amounted to only $27 million.

The new agreement attempts to adjust some of these trade difficulties. Besides giving Japan most-favored-nation treatment, the pact also dispenses with discriminatory currency and licensing regulations against Japanese exports to Australia. A similar relaxation exists with regard to Australian exports to Japan. From Japan's standpoint, another important feature is the indication that Australia, sometime during the next 3 years, will endeavor to apply GATT principles to the trade between both countries.

Australia's Gains

For Australia the greatest benefit to be gained from the new pact concerns wool. Currency allocations for wool purchases will assure Australia a favored position for at least 90 percent of Japan's wool imports each year. Australia also obtained continued duty-free entry for wool for the next 3 years.

Almost as advantageous are the provisions governing Japanese imports of Australian barley and wheat. Since 1954, Australian barley has averaged about 30 percent of Japan's total barley imports. The new agreement specifies that this same balance of barley trade should be maintained.

With regard to wheat, the agreement states that Australian f.a.q. soft wheat will be purchased through commercial channels and on a competitive basis to the extent of an equitable share of Japan's wheat imports from all sources. Under these conditions, it is expected that Japan's imports of Australian f.a.q. soft wheat will total about 7.5 million bushels the first year, with increasing amounts each year for the period of the agreement.

Also, since 1955 Japan has been buying all of Australia's available surpluses of high protein wheat. There is every indication that this trend will continue. Moreover, with the current agreement Australia's total wheat and flour shipments to Japan each year could average as high as 12-15 million bushels of wheat, as compared to the 7 million bushels which have been shipped annually since 1955. Initial wheat sales are expected to be made on an f.o.b. basis and are likely to be at, or near, the minimum price set by the International Wheat Agreement.

Other commitments in the agreement which are favorable to Australia are (1) a guaranteed 40 percent exchange allocation for purchases of Australian sugar, and (2) Japanese relaxations in import-licensing procedures for beef tallow, cattle hides, nonfat dry milk, and dried vine fruits from Australia.

Competition with U.S.

With the exception of wool and sugar, all the agricultural commodities provided for in this agreement are highly competitive with U.S. exports. In recent years, the United States has been the principal source of wheat in the Japanese market, which is supplied almost entirely by the United States, Canada, Australia, and Argentina. In the last 3 years, increased imports from Australia have already decreased the U.S. share of this market.

The United States is also the largest supplier of tallow to Japan, but imports from Australia have increased 400 percent since 1954. Australia's hides and skins trade with Japan is limited largely to cattle hides, the major hides and skins export to Japan from the United States. Both commodities now are subject to more favorable licensing treatment from Japan, so Australian exports will probably increase.

Australia has shipped nonfat dried milk to Japan on an irregular basis since 1950. Under the agreement, Japan will import nonfat dried milk from Australia on a global quota basis. This system will make Australia's product more competitive with that of other suppliers such as the United States. Australia has a well-developed trade organization for the marketing of nonfat dried milk and could become very competitive in both price and quality for that portion of the market supplied by direct dollar sales. Imports for use in the Japanese school-lunch program are outside the scope of this agreement.

And finally, the agreement makes "reasonable provision" for imports of dried vine fruits from Australia. Raisins are in the greatest demand and imports have been increasing since 1950. However, the Japanese Government has been reluctant to allocate foreign exchange for this "luxury" item. During the period 1950-53, the United States was Japan's chief source for raisins.

Site of pumping station for Yarkon-Negev line. Completed 2 years ago, line carries water through huge pipes from Yarkon River to Negev desert.

What Irrigation Means To Israel's Agriculture

Israel's problems stem from lack of available water, not lack of land. Can Israel overcome its water problem—or will this young nation have to change the pattern of its agriculture?

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THE LAND OF ISRAEL, once well-watered and naturally fertile, suffers from many centuries of exploitation by man. During the British Mandate extensive surveys were conducted, and the conclusions drawn with regard to the agricultural potential of the country were far from optimistic. Palestine's agriculture, then based on a pattern of dryland farming, was approaching its maximum output.

But in the short time that Israel has been a state the world has witnessed an amazing transformation. Through unrelenting labor and determination, the people of Israel have restored to the land some of its former prosperity. To accomplish this formidable task every possible means was explored. Basically, though, it was the gradual changeover from dryland farming to irrigated farming that permitted Israel to move ahead agriculturally.

Irrigated agriculture intensifies the use of land, so that the value of production may increase several times above that of dryland farming. This comes about through multiple cropping and the use of high-value crops. Moreover, 10 acres or less of irrigated land are considered sufficient to support a farm family. In view of Israel's national policy of opening its doors to immigration, there was no choice—irrigation was imperative.

Today, Israel has about a million acres under cultivation, of which one quarter is irrigated. With further irrigation, an additional 500,000 acres could be made productive. Until now irrigation has been increasing at the rate of nearly 30,000 acres a year. But if Israel is to carry out its agricultural expansion plans, necessitated by its growing population, this rate of increase will have to be doubled. And the question is—will Israel's water resources permit it?

Water Resources

The national water supply passed 1 billion cubic meters in 1956. Estimates of total potential water resources range from 1.8 billion to 3 billion cubic meters annually. Accepting the lower figure as a reasonable basis for planning, water development is scheduled to reach this goal by 1965. But since about a third of the water would come from the Jordan, and since the water supply is now increasing by about 100 million cubic meters annually, the time cannot be too far distant when the Jordan water will be required. And therein lies a major problem.

The country's national water system is based on a plan to convey the Jordan River water from northern Galilee to the southern Negev Desert.

Courtesy Israel Office of Information

Loading citrus crates in Jaffa harbor. Citrus is Israel's most valuable export crop, accounting for more than 90 percent of the country's farm exports.

Kindergarten children watch as orange pickers carry crates to truck.

The system also coordinates the water supply of five regional schemes and provides water storage for drought periods, with the Sea of Galilee as the principal reservoir. To use the Jordan River Israel must obtain an agreement with neighboring Arab states. Such agreement has not been forthcoming since the conferences were first held in 1953. As a result, Israel continues irrigation development on a unilateral basis. Work continues on the canals and pipelines, reservoirs and pumping stations that comprise the National Water Project. Progress has not ceased but has slowed to a nominal pace.

As a temporary alternative, Israel has transferred emphasis to local and regional water projects, which exploit domestic water; and has applied to the Export-Import Bank for a $75-million loan to finance a 4-year program of water development. In the meantime, though irrigation continues to expand, the actual rate of increase has dropped off. And plans for the expansion of irrigated land have been revised downward from previous estimates.

All of this reflects some of the difficulties Israel is encountering. And even if the Jordan waters should become available, there is always the question of what will happen 10 years hence when the projected water-supply goal is reached and virtually all available water resources would be in use.

Among the problems that arise concerning future water development, there are two particular difficulties. One is financial and the other economic. Irrigation facilities are costly and require large capital investment. Most of the needed capital must be obtained from foreign sources. So long as Israel is able to secure foreign loans, water development will probably continue along present lines. If not, then an alternative approach requiring less investment may be adopted. The economics of water development are becoming increasingly crucial. Recently developed water supplies require nearly twice as much capital as those developed before the establishment of the State. The cost of water production continues to rise. While technically feasible, water projects may become prohibitively expensive.

Far from ignoring these questions, Israel is looking ahead. Considerable hope is being placed on a water process which will change salt water to fresh—obviously an advantage for a country with most of its land in close proximity to the sea. Invented by Alexander Zarchin, a chemical engineer who escaped from a Soviet labor camp, this process involves the freezing of water, which causes separation of crystallized water from the salts. So far, tests have been successful and a pilot plant is now being constructed. But to put the process to use on a large scale will depend on a low-cost source of power, possibly atomic energy. In the nuclear field, Israeli scientists are making rapid advances, so that de-salted water may be available when all other water resources have been exploited.

Reclamation of sewage offers another possible source of water, and one that Israeli authorities are considering. But this too is expensive and requires heavy capital investment.

Rationalizing Water Use

Eventually Israel may have to rationalize its use of water. This can be done in two ways: one, through more efficient use—not wasting it in transportation and application; and two, through changing the nation's pattern of agricultural development.

The most obvious move would be to concentrate on those crops that use less water. There are a number of crops now raised that have high water requirements and a relatively low production value. On the other hand, citrus and subtropical fruits have moderate water requirements, high value, and comparatively favorable export prospects. These and other crops enjoy a natural advantage because of climate, soil, and proximity to international markets.

Another aspect is the national goal

(Continued on page 20)

Long-Term Projections

Of the Demand for Farm Products*

GOVERNMENTS THROUGHOUT THE WORLD have assumed responsibility for keeping their economies on an even keel. In carrying out this responsibility, they no longer aim at stability but at reasonably stable economic growth.

For success, they need guideposts to future developments in the various sectors of the economy. Among the guideposts in the agricultural sector are long-term demand and supply projections.[1] Such studies—for individual products or groups of products—are being undertaken in several countries by a number of private and government research organizations, as well as by individual research workers.

The studies involve assumptions on the growth of population and of per capita income for the period considered—for 5, 10, 15 years. Through previously determined income-elasticities of demand, these assumptions are tied into a projection of *requirements* for individual products.

Similarly, country projections of *production* possibilities or probabilities start from a consideration of trends in the more distant and more recent past, of progress in technology and labor productivity in countries of comparable structure but earlier growth, of the movement of farm labor to the towns, of policy attitudes peculiar to a country, and other factors.

Projections on the demand side are then combined with projections on the supply side to present a composite picture of tentative long-term expectations. These projections, of course, are not predictions of what is going to happen but of what is likely to happen if certain assumptions turn out correct, including basic ones on policy, political events, and economic progress.

*Prepared in the European Analysis Branch, Foreign Agricultural Service.

Yet, the projections represent a rational look into the future. The "certain assumptions" must of course be kept under constant review and adjustment; and so must be the resulting projections to give an up-to-date expectation. Mechanical application of the results would be the worst approach to looking into the future. The technique must always be guided by commonsense, background experience and a "feel" for the realities of economic development. Without these, statistical projections are less than worthless; they are misleading. There are no mechanical shortcuts to, or substitutes for, judgment.

Some foreign long-term projections are now available. The Foreign Agricultural Service intends to publish brief statements on the essential conclusions of these studies.[1] The first such statement—on West Germany—appears here.

The projections for West Germany were made by Professor A. Hanau, Director of the Institute for Agricultural Marketing, University of Goettingen, and his assistant, Dr. H.-B. Krohn. They are for 1964-65.

The study for West Germany is based upon estimates of (a) expectations as to consumption, (b) production possibilities as determined by the technical and economic potentials of agriculture, and (c) expectations as to imports.

Consumption Expectations

The increase in population is estimated at 0.45 to 0.75 ("most probable" rate: 0.60) percent per year; the increase in real per capita income at 2.30 to 3.80 ("most probable" rate: 3.00) percent per year. Total economic growth is thus estimated at the "most probable" rate of 3.60 percent per year. Income elasticities are estimated, product by product, and for total and urban consumption separately. On the basis of this groundwork the authors estimate total consumption in West Germany in 1964-65 at slightly below 1954-55 for potatoes and rye flour; an 8-percent increase for wheat flour; a 13-percent increase for fluid milk; and a 21-percent increase for all milk and milk products, as well as sugar. The increase for butter is estimated at 29 percent, eggs at 34 percent, pork at 25 percent, and beef at 36 percent.

Production Possibilities

Professors Hanau and Krohn believe that German agriculture will be in a position to provide for most of these increases out of domestic production. They estimate the annual increase in West Germany's net agricultural output at from 2 to 2.5 percent for the 10 years ending 1964-65. This compares with a rate of increase of 2.5 percent per year around 1954-55, 2 percent from 1928 to 1938, and 1.5 percent from 1895 to 1913.

Import Requirements

On these assumptions, Hanau and Krohn expect a decline in West Germany's import requirements for wheat by about 500,000 metric tons—down to about 1.9 million tons in 1964-65, from about 2.4 million in recent years. The decline in import requirements for feed grains, for the "most probable" variant of these estimates, is placed at about 1 million tons—down to 700,000 tons from around 1.7 million tons in recent years. In the case of an "optimistic" variant (that assumes a larger rise in per capita income—3.8 percent per year), imports of feed grains would not greatly differ from what they are now; in the case of slow growth of income (2.30 percent) there would even be an export surplus of 400,000 metric tons.

Hanau and Krohn assume that, for reasons of commercial policy, West

(Continued on page 18)

[1] For long-term projections for the United States, see Glen T. Barton and Robert O. Rogers, *Farm Output: Past Changes and Projected Needs*, Agr. Info. Bul. 162, Agr. Research Service, USDA, August, 1956; and Rex F. Daly, "The Long-Run Demand for Farm Products," in *Agricultural Economics Research*, July, 1956.

Does Colombia Offer A Future Market For Our Farm Products?

By JAMES F. LANKFORD
Latin American Analysis Branch
Foreign Agricultural Service

FROM THE END OF WORLD WAR II to the beginning of 1957 Colombia has been growing as a market for U.S. farm products. By 1956, our agricultural sales to Colombia were nearly 10 times what they were before the war, and the country ranked as our third most important South American market.

Last year, for example, our agricultural exports to Colombia totaled nearly $30 million, and we, in turn, bought some $400 million worth of products from them—mostly coffee plus some bananas. In addition, Colombia bought substantial quantities of our manufactured goods. On both scores—imports and exports—the United States was Colombia's leading trade partner.

But Colombia, like many another country, is striving to become self-sufficient both agriculturally and industrially. To this end, and in a desperate effort to conserve foreign exchange, a decree was issued late in 1956 which has brought almost to a standstill imports from all countries, including the United States.

What lies ahead? Will Colombia achieve its goal in the near future? Or will the trade relationship which has been beneficial to both Colombia and the United States be resumed?

The present picture is too involved to permit a ready answer. Colombia is suffering from balance-of-payments difficulties. The rapid expansion of its economy has created inflationary tendencies. And sales of coffee—its chief export crop—have dropped off.

Yet the outlook for Colombia is not quite as forbidding as it sounds. Recognizing that the decree, which allowed only the bare essentials to be imported and increased import duties, had failed to overcome the country's financial difficulties, the Colombian Government this past June undertook a comprehensive program aimed at correcting the balance-of-payments problem. Its purpose is to bring imports into balance with foreign exchange earnings and to liquidate a large backlog of arrears in commercial and other foreign payments.

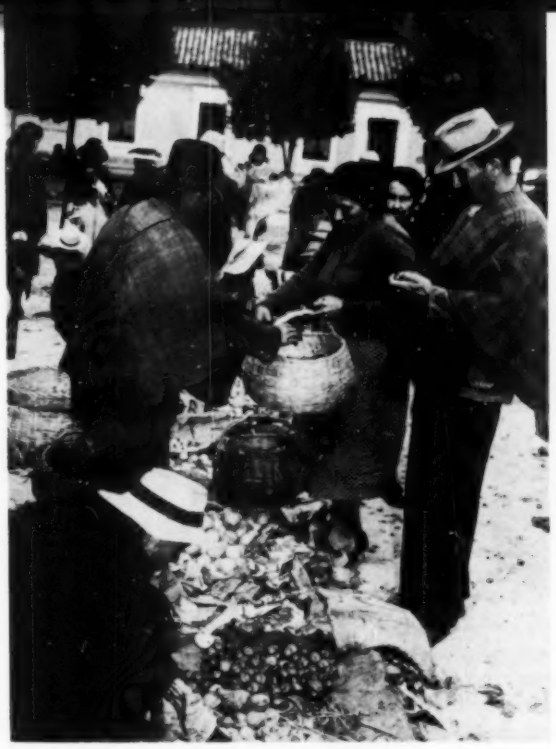
To facilitate trade Colombia's complex multiple-currency system was replaced by one in which all trade and most invisible transactions will move through a "certificate market" at a fluctuating rate of exchange. And while Colombia still maintains a prohibited list, the government has announced that it plans to reduce this list. In the meantime, all quantitative restrictions on imports have been eliminated.

This new exchange system may provide a wedge to reopen our trade with Colombia. But how extensive this trade will be depends on the country's development.

Agricultural Problems

Although Colombia lies partly on the Equator, it has a great variety of climatic zones ranging from tropical sea-level to arctic-like paramos. The country is divided into almost equal—eastern and western—but radically different parts. The eastern half—the llanos—is practically uninhabited and unused. Development and use to date have been blocked by lack of transportation, bad health conditions, and the high cost of transporting products to markets in the west. The llanos have a future potential, but are of little significance to the total agricultural output at the present time.

In the western half of the country topography is of controlling importance. Three great cordilleras of the Andes divide this area. Most of the intervening valleys are relatively narrow. As a result, only 2.5 percent of the land is being cultivated. Because of



Pictures left to right: Picking coffee, Colombia's chief export crop and biggest moneymaker. Harvesting rice; once a rice importer, country is now a potential exporter. Village market scene in high Andes. Road grader at work on mountainous road; lack of transportation is one major obstacle to farm development in eastern half of country.

the rugged topography, freight transportation is very slow and costly. Technology is just beginning to make some headway. To Colombia's credit, however, is the excellent work that has been done in conquering tropical disease, building roads, draining swamps, clearing forests, and irrigating arid land. Still unsolved is the unfavorable distribution of land between pastures and arable cropping.

Although Colombia has experienced swift development in its industry since World War II, agriculture—principally coffee—is still its major industry, providing a way of life to two out of three persons. Domestic farm production makes the largest single contribution to the country's national income, supplies virtually all of its food requirements, with the exception of wheat and copra, and accounts for more than three-quarters of its foreign exchange.

Colombia has a long-established policy of providing encouragement to agriculture. The Caja de Crédito Agrario, a government credit institution, late in 1956 had over 200,000 loans outstanding for a total of almost $200 million. Price supports are provided for basic foodstuffs, such as corn, beans, barley, potatoes, rice, and wheat. In addition, the government protects domestic production through the imposition of high tariffs on agricultural commodities.

Colombia's Crops

Coffee is Colombia's chief moneymaker. In 1956, it accounted for 77 percent of the country's exchange income, with the United States taking around 80 percent of the coffee exports. Although coffee production can probably be further expanded by planting additional acreage, the greatest opportunity is in more skillful cultivation and management. Needed are improvements in insect and disease control, fertilization, replacement of decadent stands, and particularly the planting of high-yielding coffee varieties.

Bananas constitute the only other crop exported in any volume at the present time. Bananas bring in approximately 4 percent of the country's hard money receipts. However, the expansion of banana production could increase the foreign currency earning capacity of the country. The present indications are that an additional 20 percent increase in production may be expected in the near future.

Cotton figures in Colombia's trade as an important import and in 1956 was our leading agricultural export to that country—$6.9 million worth. Colombian policy, however, looks to the time when the country will be self-sufficient in cotton and even export some.

These goals are believed to be obtainable but not within the next few years. Colombia's 5-year average cotton production of 23,000 tons meets only about two-thirds of the domestic requirements, which are increasing because of a larger population and greater utilization. The Cotton Development Institute seems to be achieving considerable success in increasing the volume and quality of cotton production, though output still lags behind consumption.

Wheat, our second largest agricultural export to Colombia in recent years, is another crop which is slated to be put on a self-sufficiency basis. As with cotton, our wheat exports to Colombia in recent years have been largely under P.L. 480 agreements. In 1956, they were valued at $6.4 million.

Despite the vigorous effort to achieve self-sufficiency, wheat is not readily adaptable to Colombia's ecological conditions, a fact that is gradually being recognized. With the aid of the Rockefeller Foundation, Colombia has had some success in developing new hybrids, but the small amount of land suitable for wheat in this mountainous

country would hardly produce enough to feed a population of nearly 13 million.

Nevertheless, for the past several years wheat growers have been assured a "support price" equivalent to almost $3.64 a bushel[1] at the new "certificate" rate of 4.80 pesos to the $1.00.[2] This support price was maintained by a government requirement that the mills absorb all of the offered national wheat at the support price before being permitted to purchase any imported wheat, even though the latter might be of higher quality and can be purchased as low as $2.25 a bushel delivered. In view of this, it does not seem economical for Colombia to encourage wheat production.

Colombia would like to grow an increasingly large volume of sugar for export. In 1954, none was exported. By 1956, exports totaled 54,000 tons. The estimate is considerably lower for this year, but if Colombia realizes its proposed plans to develop the Cauca Valley, the amount of sugar available for world markets could be quadrupled within the next 5 years.

Rice production in Colombia has more than doubled in the past 10 years, and Colombia has gone from an importer of rice to a potential exporter. In spite of this increase, the country faces serious obstacles that must be overcome before it can compete on world markets. One of these is transportation. The heaviest rice-consumption areas are along the coast where production normally is not sufficient to meet domestic needs and where the climate and topography are such that the crop is neither uniform nor of export quality. The surplus areas, where rice of export quality is produced and where there is the greatest potential for expansion, are in the interior.

Cacao is also highlighted in government agricultural planning—first, for national needs, and then for export. Fortunately, both soil and climate are favorable. Colombia was once a heavy cacao producer, although in recent years it has imported about 40 percent of its needs, which were valued as high as $7 million in some years. Recognizing that increased production and export would bring in foreign exchange earnings, the government is helping to rehabilitate some of the old plantations and to plant new ones. But progress is slow. Though a potential dollar earner, little may be expected from this commodity within the next 5 years.

Tobacco, which is relatively low quality cigar leaf, is being exported in limited amounts, but it is not likely to offer greatly increased competition to world markets for some time. Colombia is anxious to increase production and improve quality, and has a well-established National Tobacco Institute working toward that end. Moreover, since last November all tobacco imports have been prohibited. Previously American cigarettes, although expensive, had been much in demand. Of Colombia's annual crop about 15 percent is exported, mostly to West Germany and France.

Colombia's Needs

From the foregoing it is obvious that Colombia still has a long way to go before it can either become self-sufficient in foodstuffs or enter world markets with diversified agricultural products. Equally important is the question of whether there has not been a tendency to purchase an excess of capital goods, in an effort to industrialize, and too few consumer goods.

According to many bankers and economists, the answer is "yes." Public-spirited Colombians, viewing the situation objectively, are concerned about the high rate of infant mortality, the lack of vitality among the workers, and other signs of poor nutrition. They point to the fact that practically 90 percent of the national income is from exports of farm products, whereas not more than 10 percent of its imports are foods and fibers, the balance being machinery and equipment needed for industrialization. So more and more they are asking "should not a greater percentage of the exchange income be spent for food and low-cost fibers?" And the answer, in a large measure, will determine whether or not our agricultural trade with Colombia will be resumed.

[1]No information is available yet as to the support price of wheat for 1957-58.

[2]Conversion of pesos to dollars made on the "certificate" rate as of August 8, 1957.

Brazil and Argentina Agree on Wheat, Fruit

Brazil and Argentina signed a new bilateral wheat agreement and a new fruit agreement on July 30, 1957.

Wheat is Brazil's principal agricultural import and Argentina is the first supplier. In 1955-56, imports reached 1.5 million tons, of which the United States supplied 400,000. (Under a P.L. 480 agreement the United States will sell Brazil approximately 1.8 million tons of wheat over a 3-year period, receiving payment in Brazilian currency.) Fresh and dried fruits are much less important in Brazil's import picture, and Argentina is now almost the only supplier.

The new wheat agreement provides that Brazil will buy from Argentina 1 million metric tons of wheat a year (36.7 million bushels), compared with 1.2 million under the previous agreement. Brazil agrees to purchase the full amount in years when Argentina's exportable balance equals or exceeds 3 million tons; but Brazil reserves the right to cut its purchases if its own production rises to the point where it cannot use the full commitment. Brazil also agrees to let Argentina help supply any wheat needed above its own production plus imports under this agreement and agreements with other supplying countries.

Argentina, on the other hand, agrees that in years when its exportable balance falls below 3 million tons, it will sell at least 30 percent of that balance to Brazil. It will inform Brazil before December 31 each year how much wheat it has for export and how much it will sell to Brazil.

The fruit agreement provides that Argentina will grant licenses for importing 200,000 boxes of oranges from Brazil. It will also grant, under the automatic licensing regime, all authorizations requested for the importation of other fresh, dried, and semiprocessed fruit of Brazilian origin.

Brazil, for its part, agrees to hold special weekly auctions of foreign exchange for the importation of fresh, dried, and semiprocessed Argentine fruit. Each week 2 million Argentine "agreement dollars" will be offered.

Cacao warehouses line the waterfront at Ilhéus—Brazil's most important cacao port. Right, Junta technicians spray trees to control pod rot disease.

Photo by Bruno Furrer

Brazil Puts New Life Into Its Cacao Industry

By Robert L. Fowler
International Cooperation Administration, Brazil

BRAZIL IS THE WORLD'S second largest producer of cacao, exceeded only by the new state of Ghana on Africa's Gold Coast. Yet strangely enough, this position has been won—and maintained for many years—without benefit of modern cultural practices. Plantations are established. They flourish for a while, then gradually fall into decay for lack of proper management. To offset losses, new plantings are started—and the cycle begins all over again.

Today Brazil's cacao industry is acquiring a new look. Technical assistance is being extended down to the grass roots. Liberal credit is being offered to the small farmer. And the government itself has embarked upon a marketing policy as a price support measure for cacao growers.

Although cacao is indigenous to Brazil's Amazon Valley, the real development of the industry has occurred in the State of Bahia on the east coast. Here some 96 percent of the cacao crop is produced. Unofficial estimates place the number of cacao farmers in Bahia at around 26,000, of whom 88 percent operate small farms producing annually 7.5 tons or less of dry cacao. Though the combined production of these small farmers represents only 27 percent of the total Bahian cacao crop, it is this group that the new programs hope to reach.

Farm-Level Aid

Cacao farmers, particularly those operating small and medium-size plantations, have been asking for technical help to overcome production obstacles. And from time to time this has been given. But rarely ever were the results of any lasting significance, for the simple reason that funds were usually exhausted before the farmers themselves were instructed. This happened in the 1940's when the Bahia Cacao Institute launched a campaign to destroy the enxerto, or leaf-cutting ant. Nearly 10 million ant colonies were destroyed by the agronomists, but the farmers were left without information on how to apply the control measures, so the ants returned.

In 1953, however, six Federal and State institutions formed an organization called the Junta Executiva de Combata ás Doenças e Pragas de Cacau to control the diseases and insect pests that endanger cacao production. The Junta's program has been more effective than previous ones. Instead of agronomists carrying out control, farmers are given the "know-how."

For example, during the first 2½ years of the Junta's program, practical spraying demonstrations were given on over 7,000 farms and some 14,000 farm workers were trained. Plots were established for demonstrating methods of controlling Phytophthora pod rot, and in 1955 the sprayed halves showed a 44-percent increase in cacao fruits over the unsprayed.

Extension Work

The Junta's program paved the way for the extension work that was started in May of this year, when six international and Brazil·n organizations—including the American Cocoa Research Institute—agreed to use their combined resources to help improve the cacao industry and, at the same time, to raise the standard of living of cacao workers.

(Continued on page 21)

High Farming On Britain's Big Estates

By C. S. SMITH
Farmers Weekly, London

A STORMY HALF-CENTURY, with two world wars and a depression, has made significant and profound changes in land ownership and use in Britain. In short, an agrarian revolution has taken place. And, like the clean clear atmosphere a thunderstorm leaves behind, British agriculture is the better for it.

In the 19th century, land was held mainly in big estates, the owners of which were often the pioneers of early mechanization. They built farmsteads according to the types and techniques of the farming of their day. Their tenants were prosperous, for from the Napoleonic wars onwards, British farming was in its heyday.

First threat to this established rural design came in the 1880's, when cheap meat was imported in refrigerator ships, when clipper vessels carried grain from the new lands of the Southern Hemisphere and across the Atlantic.

The first World War brought a spate of prosperity, but in 1919, when a Finance Act greatly increased the rate of death duties, the breakup of the landed estates began. Depression followed, and the biggest period of breakup came between 1920 and 1930.

The landlord's alternative to selling off farms from his estate was to become a large farmer in his own right —to run a vast extension of the old-fashioned "home farm," which simply took care of the dairy and food needs of the "big house" itself. It is on this kind of estate that much of the high farming in Britain today takes place. For these men have been able to mechanize fully, at a lower capital charge per acre than the man on a small acreage.

On nearly all estates the deer park, attractive though it was, was the first to go. Dairy herds or even the plow replaced the deer. Before the war nearly 800 acres around Castle Howard, near York, formed a deer park. When I was there a year ago, 218 acres carried crops; 255 acres were in new grass; and over 300 acres were put into woodlands. Instead of the deer there were 130 Suffolk sheep, 200 pigs, 4 bullocks, and a dairy herd now 50 strong.

The big house with its deer park had needed no farm buildings. But there was a magnificent array of stables for the coach horses. For a time the dairy herd were housed in the stables; today they occupy a brand-new farmstead built on well-planned and labor-saving lines, adaptable so that should the emphasis turn from milk to beef production, these buildings can still be used.

In the West of England, the present Marquis of Bath, having managed to retain the estate with its tenant farms more or less intact, has started a $700,000 modernization program for the steadings and cottages on every farm. The theme is to provide the fixed equipment so that the farm is tooled up like a factory, fit for the high levels of production demanded today. Farm rents are adjusted by agreement, according to the work done on each farm.

In Devon, the Reverend Sir Patrick Ferguson-Davie inherited an estate reduced by sales to meet death duties. He sold 15 more farms, and with the proceeds set out to reequip the 15 remaining holdings with buildings adaptable for any type of farming that might be demanded in the next 25 to 30 years.

Centralization

In 1935, when Sir James Denby Roberts inherited the baronetcy and the 10,000-acre estate of Strathallan Castle in Perthshire, it comprised mainly tenanted farms of about 100 acres apiece. In 10 years the previous owner had netted some $280 year.

It was plain that the farming units were too small. As tenants died or left, and without evicting any, Sir James merged the farms into 400-acre blocks, each block run by a manager on a profit-sharing basis. The estate has a central office and a central farm from which the more expensive equipment and services can be hired. Thus all the farms can share the services of skilled engineers, a welding plant, tractor overhauls, machinery for spraying, planting, and lifting, grass and grain drying, and heavy transport—items that the owner could not provide for each separate farm. There is also a central pool of pedigree bulls and a center for the production of virus-tested stock seed potatoes.

Waste Lands Reclaimed

In the last 10 years the reclamation work that the war's food needs impelled has not been allowed to lapse. Farsighted men in agriculture were willing to invest what remained of their capital in reclaiming the waste-lands.

The greatest influence for the better

Changing times are remaking Britain's agriculture. *Left*, new farmhouse on former village common. *Above*, new roofed yard between castle coachhouse and stables. *Right*, old Windsor grassland, reseeded for more stock.

farming and reclamation of Britain's 16 million acres of hill and marginal land has been the Hill Farming and Livestock Rearing Acts of 1946 and later. Under these measures the government gives a grant of 50 percent towards the cost of any comprehensive scheme for rehabilitating upland farms. Grants are given for such things as fencing, building (farmhouses included), the supply of water and electricity, brush destruction, liming and fertilizing, reseeding to grass, and so forth. In the 10 years after 1946, landowners, farmers, and the government spent $36.4 million. Today schemes covering a further $2.1 million in grants are still being considered.

With such grants, successful lowland farmers have taken empty upland farms; there they produce store beasts to finish on lowland crops and grass.

The Cadzow brothers of Pencaitland, Scotland—well-known breeders of Scotch Shorthorns for export—bought a couple of derelict islands on the Scottish west coast. Here their pedigree bulls run with vast herds of hill cows, and the calves are sold off as stores or finished at the lowland farms.

Another Scottish breeder of Shorthorns, Alex Wat Taylor, took over a derelict grouse moor running to 3,000 acres. He put a ring fence around the lot, plowed where he could, and reseeded to grass. Where he couldn't plow, he chewed up the heather with discs and scattered fertilizer and grass and clover seed. Last year he produced 400 calves from the old moor.

Britain's greatest hill farming enterprise is going on in Perthshire on the former estate of the Earl of Breadalbane. When big slices of this tremendous mountain estate came up for sale, four well-known Scotsmen—the late Mr. Duncan Stewart, owner of the famous Mill-hills Shorthorns (many of which are breeding now in the United States), Sir James Denby Roberts, and two others—bought 45,000 acres.

They turned cattle up there—hardy Highland stock crossed with a Shorthorn bull to add meat and early maturity without losing the hardy, foraging qualities of the Highlander. These cattle they used as pioneers to handle the rough grazing and tread the bracken for expanding sheep flocks. They plowed and reseeded the better land in the glen bottoms to provide kale and hay for winter feeding for cattle and sheep. They also bought annually about 400 tons of hay from England.

Nowadays a hill herd of 200 cows is running with a white Shorthorn bull in the glen and producing over 150 weaned calves for sale each year. The sheep stocking is up from 2,000 to 4,400 ewes, mostly Scotch Blackface with the type of wool needed for Harris tweed. Sheep sold annually amount to about 1,500 wether lambs. All this from a deer forest that used to produce nothing save a few red deer and some birds when the Laird and his friends went shooting.

Changes in Policy

Farmers in Britain generally have not been slow to take advantage of new techniques. Crop spraying has become standard practice to such an extent that a dirty piece of grassland or crop of grain or roots is a rarity indeed. As new strains of grain come from the plant breeding stations, they are quickly exploited. No farmer thinks of drilling seed without also applying fertilizer. The degree of mechanization is the greatest in the world; but many farmers, particularly the smaller ones, are now turning to the contractor equipped with machines far beyond their purse, to do the work for them.

Government policy is now to reduce subsidies on finished commodities, and instead offer help in retooling or re-equipping the farms for better, greater, and more economic production. The long neglect of fixed equipment has been recognized. In future the man who wants to put up a new milking parlor, build a new implement store or a barn, a stockyard or a pighouse, can obtain one-third of the cost by government grant. In short, the future of British farming, with better marketing, new techniques—and the chance to sell more if these advances lead, as they should, to lower production costs and better quality—looks more promising than it has done for a century.

A Look At Western Europe As A Cotton Market

ROBERT C. SHERMAN AND FRANCIS H. WHITAKER of FAS traveled extensively in Western Europe recently to get a first-hand glimpse of the market for U.S. cotton abroad.

From their observations, they conclude that the United Kingdom, Germany, France, Switzerland, Austria, Spain, and Italy imported about 1 million more bales of cotton during 1956-57 than in 1955-56. Over half of last year's total came from the United States. In 1955-56 only 17 percent of their imports were U.S. cotton.

- German purchases were at a considerably higher rate than in 1955-56. About 60 percent of the total was from the United States, compared with only 7 percent the previous year. The USDA representatives contacted many German importers, who were unanimous in the opinion that U.S. cotton will continue to dominate the German market if prices remain competitive.
- France's cotton imports during the first 9 months of the season were more than 25 percent above the 1955-56 rate. About a fourth were from the United States, compared with only 13 percent the previous year. French mills would like to buy more U.S. cotton, but are restricted by import licensing and exchange allocations. The United States is a residual supplier because of foreign exchange limitations.
- Italy bought about 700,000 bales of cotton from the United States during 1956-57. This was 78 percent of total imports. More than half of the U.S. sales to Italy were financed under Public Law 480 and about 40,000 bales under Section 402. Free dollars were allocated for about 275,000 bales.
- The United States dominated the Austrian market in the immediate postwar years, but as U.S. aid dwindled and U.S. prices became less competitive, other countries became important suppliers. A P.L. 480 program that includes cotton was signed in May, and a recent Export-Import Bank loan will enable Austria to get about 60 percent of its cotton from the United States through June 1958.
- Switzerland's cotton imports are up sharply. Imports for the first 10 months of 1956-57 were 66,000 bales above the total for the entire 1955-56 marketing year. The United States supplied 10 percent of Switzerland's cotton needs in 1955-56, but expected to provide about five times that percentage last season.
- The United Kingdom imported about 1.8 million bales of cotton in the 1956-57 marketing year. About a million bales came from the United States. This represents a sharp increase over the 19 percent imported from the United States in 1955-56.
- The United States supplied about 80 percent of Spain's cotton requirements last season—most of it financed under P.L. 480 or Section 402. Spain's critical foreign exchange shortage precludes substantial purchases for free dollars or other foreign currencies in the immediate future. Spain's best prospects for obtaining U.S. cotton are under Title I, P.L. 480.

Projections

(Continued from page 11)

Germany's imports of livestock products will *not* be reduced, especially if a "common market" or "free trade area" is formed in Europe. The authors assume an unchanged share of imports in total German requirements of pork, beef, eggs, and butter. This would mean moderate increases in the absolute amount of imports to 1964-65.

In the case of a low level of economic growth (increase in real per capita income by only 2.3 percent, compared with 3 percent for the "most probable" assumption, and 3.8 percent for an "optimistic" variant), the authors would expect difficulties in the marketing of livestock products for domestic producers as well as exporters to Germany.

GATT Analyzes International Trade*

International Trade 1956, published this June by the GATT Secretariat, gives an interesting review of the development of trade in recent years.

Total world exports in 1956 reached the record figure of $96.6 billion, compared with $83.3 billion in 1955. The shares of the most important commodity groups in total world exports have been rather stable over the past few years. Agricultural products, including forestry and fishery products, account for over one-third of total world exports. Manufactured products account for almost half of the total; fuels, for about 10 percent; minerals, for only about 3 percent.

For the first time the GATT Secretariat analyzed separately the trade developments in a group of countries characterized as semi-industrialized: Argentina, Brazil, Mexico, Australia, India, the Union of South Africa, Finland, and Yugoslavia. Together these account for about 80 percent of manufacturing output outside the industrial areas proper. The analysis comes to the conclusion that the failure of these countries to keep their share of world trade, especially as regards their exports to industrial destinations, is due to the fact that their production of principal primary export commodities was not sufficient to meet their own growing requirements and at the same time maintain an adequate volume of exports. Given limited investment resources, the slow growth of primary production in these countries is the natural consequence of rapid growth in their industrialization.

Before the war, the semi-industrialized countries accounted for about one-half of the foodstuffs exports and about 30 percent of the raw materials and fuels exports from nonindustrial areas. By 1954-55 these proportions had declined to 36 and 21 percent, respectively, according to GATT. Thus, much of the relative reduction of trade between industrial and nonindustrial areas is due to industrial development in the semi-industrialized countries.

*European Analysis Branch, FAS.

Spinning room of new textile mill in the Philippine Republic—the country's most modern and efficient plant.

Exterior view of mill. This plant, like others in this expanding industry, is a steady user of cotton from the United States.

The Philippines Will Need More U. S. Cotton

By Guy A. W. Schilling
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A RECENT TRIP has convinced me that in a relatively short time the Philippine Republic will become an important market for U.S. cotton. Until 1954 there were only two cotton mills in the islands. Now there are 11 operating; and when the mills under construction or planned are finished, there will be some 21.

In April of this year I visited each existing mill and also talked to the industry leaders who are building or planning new mills. I found that all of the mills now in operation use U.S. cotton almost exclusively except for small quantities of local growth. The new mills will also become our customers—*if* we can deliver the right quality at the right price. This will mean a considerably expanded market for U.S. cotton. If by 1959 the number of spindles has increased from the present 139,000 to over 360,000, as planned, total Philippine consumption of raw cotton would increase from the present 70,000 bales a year to almost 200,000.

What lies behind this tremendous upsurge of activity in the Philippine textile industry? The answer is threefold. First, imports of raw cotton require less foreign exchange than imports of finished textiles. Second, textile mills create jobs. Third, Philippine investors are looking for new uses for their capital.

Until 1955, the local industry was so small that it contributed very little to the supply of textiles. During World War II and the recovery period, a great backlog of demand built up. But the high peso cost of imports to the average consumer and the scarcity of foreign exchange have held textile consumption down. In 1951-55, per capita consumption of all fibers averaged only 3.5 pounds a year, compared with the 1954 United States consumption of 24 pounds for cotton alone.

Of the textiles imported, cotton has been by far the most important, both in quantity and in value. Average imports of all textile fibers in 1951-55 were 476 million pounds, with a value of $481 million; cotton accounted for 63 percent of the quantity and 70 percent of the value. At the same time, the Republic was importing only some 8,300 bales of raw cotton a year for its cotton textile industry.

Finished goods amounted to 78 percent of the cotton goods imported, and almost 50 percent of all the textile imports. And imports of finished goods and textile manufactures caused the greatest drain on foreign exchange reserves. A Philippine study this year points out that development of the textile industry is the most profitable field of action for effecting savings in foreign exchange and making up the difference in cost through Philippine capital investment, labor, power, management, and know-how.

In answer to this need, a number of Philippine businessmen formerly engaged in importing textiles have gone into the textile manufacturing field. These men differ on how much time will be needed before the buildup of the Philippine textile industry will put in operation enough capacity to provide all the textiles that Philippine consumers need. The spread of opinion ranges from 3 to 10 years.

The expansion now under way has come mostly in the last two or three years. The first Philippine cotton mill, erected in Manila by the National Development Company, opened in 1940.

It remained the only one in the islands until 1950, when the same company opened a second mill in Navarcan (northern Luzon). Both these mills are government-owned. Not until 1954 did private interests enter the field with the opening of the General Textiles mill. And not until 1956 and 1957 did additional private cotton mills begin operation.

Cotton and synthetics are the main fibers involved in present plans for the Philippine textile industry. Cotton knitting has already progressed beyond the other branches of the cotton industry; so woven goods will receive greater emphasis. Synthetics have been imported mainly as finished goods, with only small imports of raw materials. Some spun synthetics, however, may in time occupy a share of the textile industry's anticipated capacity.

A number of the new textile plants in Manila are also installing finishing equipment, not only for domestic production but also for finishing fabrics for nearby countries.

The planned expansion of the textile industry will require a large work force—and that is a major problem. The Philippine Republic has a more than adequate reservoir of labor, but workers are largely untrained. The development of such a large work force will take time and teaching. So far, in the plants now running, the Philippine workers and supervisors have benefited considerably from the experience of the foreign personnel hired to set up the plants and start them in operation. Even the newest and most modern equipment could not have brought good results without imported technicians.

Domestic cotton production has languished for more than 100 years. Recently a private organization embarked on the commercial growing of cotton in certain areas of the islands where conditions are considered favorable. The corporation believes that cotton can be grown on a commercial scale in the Philippines—provided modern cultural and harvesting methods are employed. It is too early, however, to predict the success of this enterprise. Today, the Philippine cotton textile industry depends almost entirely on U.S. cotton; and as consumption expands, it is likely to need even more.

Israel's Irrigation

(Continued from page 10)

of self-sufficiency. Considerable progress has been made toward this objective. Domestic agriculture supplies about two-thirds of the country's needs; where the country is deficient is in wheat, feed grains, sugar, edible oils, meat, and dairy products. But will this self-sufficient type of agriculture be practical 10 years from now when the population will have expanded and all of the water resources been put to use? Furthermore, will be it economical?

That there are some doubts about this is evident from the shift that is taking place. Self-sufficiency continues to be stressed in several branches of agriculture, but the main emphasis now is on those crops that are export moneymakers—namely, citrus, peanuts, durum wheat—for only through these can the nation's irrigation projects be made to pay off.

Israel's Crops

Citrus is the most valuable crop produced in Israel. It not only has a higher value than any other crop grown but is also the principal export item, accounting for more than 90 percent of the country's farm exports and nearly 40 percent of total exports. Significantly, the citrus branch of agriculture is the stronghold of private farming. Currently some 11 million boxes are being produced a year, with exports totaling about 8 million. The goal is to equal—or surpass—the prewar 1938-39 record of 18 million boxes produced and 15.5 million exported. Also, while citrus production is now obtained from an area of 33,000 acres, the area may ultimately reach 125,000. Groves that have not yet reached bearing age cover 30,000 acres and new groves are being planted at a rate of more than 5,000 acres a year.

Israel has made notable progress in the development of cereal crops. Wheat production nearly doubled in 1956. Corn and sorghum are also increasing each year. However, imports of wheat and feed grains constitute a large part of the total grain supply, and despite progress in cereal production, are showing an upward trend.

The development of specialized crops such as peanuts, cotton, and sugar beets began several years ago, and today these are gaining increasing importance in the country's agricultural economy. Peanuts have become the second most important export crop raised in Israel. Originally they were grown with a view toward obtaining edible oil; but good markets were found for fresh peanuts in Western Europe, so that only second-quality peanuts are now crushed for oil. In 1956, peanut exports were valued at $1.5 million.

Cotton, an experimental crop in 1952, supplied one-half of Israel's requirements last year. Prospects for 1957 point to increased production in this commodity. Most of Israel's cotton is medium staple. Extra long staple is being grown this year on a commercial scale, and in the future, it may become an export crop.

The expansion of export crops will not only justify the enormous sums being spent for irrigation, but will change Israel's trade, in that a larger percentage of the country's exports will be agricultural. This will enable Israel to strengthen its position in world agricultural markets and to augment its national income. At the same time, it will place the country in a position to import those foodstuffs that, because of mounting irrigation costs, can no longer be produced economically.

FAS Issues Study of World's Farm Policies

Just off press is a new Agriculture Handbook dealing with agricultural policies in every area of the world. This 141-page FAS study is entitled *Agricultural Policies of Foreign Governments, Including Trade Policies Affecting Agriculture*. It describes the status of these policies as of mid-1957; discusses the importance of farm exports or imports to each country; lists the goals each country hopes to achieve through its farm policies; describes regulations on foreign trade and on internal markets and prices; and refers to indirect aids for agriculture, such as credit, extension services, and development programs. (For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington.)

Guatemala, Costa Rica Join in Trade Pact

Guatemala's Congress has approved a trade agreement with Costa Rica. It will provide for free unrestricted trade in some specified items; free trade, subject to possible import and/or export quotas, on some others; and a 50-percent reduction in duty on still others.

The agreement also will extend reciprocal most-favored-nation treatment to goods not included in the specific listings, create a Mixed Commission as an advisory group to implement the agreement, facilitate transit trade, forbid dumping or export subsidies by either country, extend reciprocal national treatment to all transport conveyances and to investments, and reaffirm the policy of Central American unity in relation to international economic matters.

The agreement will be effective for an initial period of 4 years and indefinitely thereafter, subject to cancellation by either party on 6-months notice.

Brazil's Agriculture Minister Receives First Copy of USDA's New 1957 Yearbook

Secretary of Agriculture Ezra Taft Benson presented Dr. Mario Meneghetti, Minister of Agriculture of Brazil, the first copy of the 1957 Yearbook "Soil," when he greeted the Minister on the latter's arrival to observe agricultural practices in the United States.

The Yearbook of Agriculture has been published nearly every year since 1849—before the Department of Agriculture was established. This year's book gives information on soil care of use to home gardeners as well as farmers. Its 88 chapters were written by 142 scientists in the fields of soil management, botany, chemistry, horticulture, soil conservation, agronomy, irrigation, and others.

The book contains many tables of measurements, graphs that show amounts of fertilizer to use, instructions about composting and improving soil structure, maps of soil and climate zones, and details of farming practices.

Copies of the Yearbook may be purchased at $2.25 each from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

Brazil's Cacao

(Continued from page 15)

In the same month, the Bahia Cacao Institute opened a training school at Uruçuca. The first course, of 3 weeks, was offered to agronomists working in the cacao zone; then in July the school opened its door to farm personnel for 2-week courses.

Not all of Brazil's cacao troubles are the result of limited technology. Lack of good planting material for distribution to farmers is a serious handicap. But this situation is improving too. For many years the Bahia Cacao Institute has been carrying on a cacao selection and breeding program, and among the selections is a white-seeded mutation known as "catongo." In field tests, over a period of several years, this variety has produced over 10 pounds of dry cacao per plant. And because of its high cacao butter content and its light color, planters hope to receive a premium price for catongo.

Furthermore, since 1953 a search has been made by a Federal research institute for superior trees in the cacao zone. So far several hundred of these have been found, with individual yields exceeding 8 pounds of dry cacao per year compared with 1½ pounds for the average tree. Sixteen of these trees have produced an average of 13 pounds each year during the past 3 years. Planting material for future Bahian cacao plantations will be furnished by this group.

Credit and Price Support

Early in 1957, the Brazilian Government enacted legislation making up to one billion cruzeiros ($23.0 million) in credit available to cacao farmers, at interest rates of 8 percent, with up to 8 years for repayment. And to facilitate the handling of loans, the Bank of Brazil has organized a corps of agronomists in the cacao zone to help farmers make efficient use of the credit for improvement of their crops.

Later on, in May, the Minister of Finance established regulations permitting the government to purchase cacao beans and byproducts, such as cocoa butter, cake, paste, and powdered cocoa, from the 1957-58 crop. These purchases are made in the cacao zone for delivery to stipulated warehouses where they will be stored in amounts and for periods considered necessary to attain the price objectives. The grower, in turn, receives a guaranteed minimum price of Cr$300 per arroba of 33 pounds of dry cacao.

These measures—technical assistance, credit, price support—mean one thing: that the government is taking the lead in developing a permanent cacao industry. For the cacao-importing countries of the world—of which the U.S. is the largest—this has tremendous significance. In past years, a short Brazilian crop would send prices sky-high and force U.S. chocolate manufacturers to start looking for substitutes. Quality could not always be relied on either. But now, with the industry more effectively backed by the Brazilian Government, U.S. chocolate manufacturers will have a more dependable supply of cacao—and, as time goes on, cacao of higher quality.

TRADING POST

Uruguay Peanut Meal Exchange Rate Favorable

Uruguay has authorized an exchange rate of 40 percent controlled (1.517 pesos per dollar) and 60 percent free commercial (4.1025) exchange, giving an effective rate of 3.0691 pesos per dollar, for exporting peanut meal and expellers. This rate will be in effect until the government adopts new regulations for exports of sunflower byproducts, which will automatically apply to peanut byproducts. The bulk of the peanut crop—estimated at about 7,000 short tons—will be crushed for oil and most of the meal and expellers will be exported.

Argentina's Tobacco Exports Up Sharply

Argentina exported 2.4 million pounds of unmanufactured tobacco in the first 6 months of 1957—more than double the 1.1 million pounds exported in the entire calendar year 1956. Most of the leaf was criollo and misionero type tobacco.

Jamaica Assists Cacao Planters

Jamaica, which exported over 5 million pounds of cacao in 1955, is extending its Farm Development Scheme to assist cacao planters. Special assistance is considered necessary because cacao needs shade, windbreaks, and special culture. Funds of a special Cocoa Expansion Scheme will meet production costs of planting material. Subsidies—limited to 10 acres per farm —will be allowed for land clearing and soil conservation. Subsidies will be given on the basis of surviving plants showing satisfactory growth, based on 300-302 trees per acre. The cost of dieldrin 1.5 spray—to be applied biennially—will be subsidized.

Italy Includes Cotton On Liberalization List

Italy has published a new list of items which may be imported from the dollar area without quantitative restrictions.

The principal farm products included are cotton, wool, coffee, and cocoa.

Liberalization of cotton represents an important step in Italian-U.S. trade relations. Italian imports of U.S. cotton have been erratic in recent years. The industry prefers U.S. cotton when prices are competitive, but the government has kept a tight rein on dollar allocations, giving preference to countries with which Italy had bilateral agreements. Now that the handicap of limited and uncertain exchange allocations has been removed, U.S. cotton can compete more favorably with the bilateral agreement countries.

Costa Rica Ups Tariff Rates

Costa Rica decreed increased duty rates on over 200 imported items—many of them by as much as 50 to 100 percent—in June. The purpose of the increase is to conserve international exchange by curbing imports of "luxury goods" and items for which there are domestically produced substitutes.

The decree includes agricultural items, which had a total import value of $1.2 million in 1956—$400,000 from the United States.

Farm products included are: Animal and fish products—especially canned meats and hams; all types of cheese; macaroni, spaghetti, and similar products; all bakery and pastry products, except bread; breakfast cereals; fresh and dried fruits; soups; fruit and vegetable juices; confectionery products; all chocolate products; and all tobacco and tobacco manufactures, except cigars.

Cuba Limits Potato Imports

Cuba will continue indefinitely to limit potato imports—table potatoes to 749,000 cwt. and seed potatoes to 187,300 cwt. annually. Table potato imports are restricted to white skin varieties and seed potatoes, to red skin varieties. Permitting growers to plant only red varieties is designed to confine production to domestic requirements.

The low-duty period for table potatoes is officially August 1 through October 31. However, Cubans have regularly restricted imports until dates later than August 1. The restriction has been accomplished informally the past two years by the Cuban industry's refusal to import prior to a specified date. This season the Cuban Government took action officially when the Minister of Commerce issued a resolution prohibiting imports of table potatoes until August 20.

New Zealand to License United States Raisins

New Zealand is granting import licenses during 1957 for U.S. seeded raisins (muscats). The Customs Department will permit individual importers to buy them in quantities limited to 30 percent of their 1955 imports from Australia. This should permit entry of about 300 tons of U.S. seeded raisins.

Canada Tightens Grain Licensing

Canada recently announced plans to tighten the issuing of licenses to import processed food and feeds containing more than 25 percent of wheat, oats, or barley. Nearly all such imports come from the United States and include cake mixes, pie mixes, and pet foods. Canadian officials state that they are taking the action because of Canada's grain surpluses.

The products excepted from this action include biscuits and bread; rolled oats; oat meat; oat groats, feed, and flour; barley malt, sprouts, and feed; malt syrup; pearled and pot barley; and products which cannot be replaced by domestic manufactures.

Venezuela Licensing More Hatching Eggs

Venezuela has issued licenses, for the 6-month period beginning July 1, 1957, to import 15.8 million hatching eggs. This quantity added to the 6.5 million licensed during the first half of the year should provide (even at a very low hatching rate) more baby chicks than poultry raisers have ever had before.

Japan Reduces Cotton Imports

Japan has cut cotton purchases in line with a recent policy to tighten imports in an effort to halt a persistent decline in foreign exchange reserves. Cotton purchases for April to September, initially planned at 1.2 million bales, were reduced by over a quarter of a million bales from that figure. Unless the foreign exchange situation improves, Japan may cut imports for the October 1957-March 1958 period by 400,000 bales from the 1.4 million tentatively planned.

New Zealand Holding Wheat Price Levels

Official producer prices for New Zealand wheat have been maintained at about the same level for several years. The 1956-57 (marketing season) price—$1.59 per bushel (f.o.r.) for the Tuscan variety and $1.86 per bushel for the high-flour content Hilgendorf variety—is very little higher than the 1952-53 prices of $1.52 and $1.66 per bushel.

New Zealand farmers must sell their wheat at government-fixed prices to the Wheat Committee—a quasi-governmental organization. The Committee does all importing and exporting—exports are negligible—and controls domestic distribution.

The government's policy is to discourage expansion in domestic wheat production because it is more economical to import wheat and concentrate on domestic production of other more profitable commodities—sheep, wool, meat, and butter.

New Zealand produces about a third or less of its wheat requirements and imports the rest from Australia.

Israel Sets Duty On Hides and Skins

Israel has imposed a 7.5 percent customs duty on raw and dried hides and skins, which have previously been duty free. The government also has abolished a 5-percent ad valorem purchase tax on manufactured and semi-manufactured skins, and reduced the purchase tax on footwear from 7.5 to 5 percent ad valorem.

The changes in Israel's custom law represent a shift in policy by taxing at the source rather than at a later stage of leather processing. The new system is expected to be more efficient.

U.K. Continues Payments Program on Grain

The United Kingdom, in line with its policy to encourage farmers to grow more feed grains and less wheat and rye, is continuing its grain deficiency payments program for the 1957-58 (July-June) marketing year.

The new guaranteed "at farm" minimum producer prices average $2.14 per bushel for home grown wheat, $1.55 per bushel for rye, $1.74 for barley, and $1.10 for oats. The wheat price is 13 cents per bushel lower than the 1956-57 season price. Barley prices have been increased 17 cents per bushel and oat prices, 10 cents.

Uruguay Exports Horses to France

Uruguay has shipped about 200 horses to France for slaughter and eventual human consumption and authorized shipment of up to 30,000 head to France at the free exchange rate of 4.1 pesos per dollar by the end of October. France has paid about 12 cents a pound (live weight) for previous shipments.

U.S. Grass Seed Shipments Rise

U.S. exports of grass and legume seeds for the crop year ending June 30, 1957, totaled nearly 43 million pounds—37.8 percent above the previous year. The best customers were Canada, West Germany, France, the Netherlands, Mexico, and Japan.

Dutch Resist Squaring Cheese

Dutch cheese manufacturers are opposing a request from West German importers to change molded cheese from round to square in shape. Gouda cheeses are round and flat like millstones and Edam cheeses are shaped into balls.

Most Dutch manufacturers object to the change because square cheeses are more likely to be damaged during shipping, expensive teak molds would have to be replaced, and the traditional round shape is associated with flavor. A few manufacturers feel the customers' preference should outweigh tradition. Final decision on the matter is in the hands of the Cheese Commission of the Dairy Commodity Board.

Peru Importing Purebred Sheep

Peru has imported 60 head of purebred Corriedale sheep from the United States. The severe drought in Peru has considerably reduced sheep numbers. The Peruvian Government plans to replace them with improved breeding stock when conditions return to normal, necessitating more purebred sheep imports.

Peru is studying a long-term program to improve Andean flocks in both wool and meat production.

Cuba Announces Rice Import Quota

Cuba has set the low-duty rice quota for 1957-58 (July-June) at about 3.3 million bags (100 pounds each), the same as 1956-57.

No important changes were made in regulations for distribution among importers. The entire quota—including 3 percent normally kept for emergencies—was allocated on a quarterly basis about the same as the 1956-57 quota.

West Germany Taking Grapes From All Areas

West Germany has announced December 31, 1957, as the deadline for applications for licenses to import fresh table grapes. Custom clearances must be arranged by March 31, 1958.

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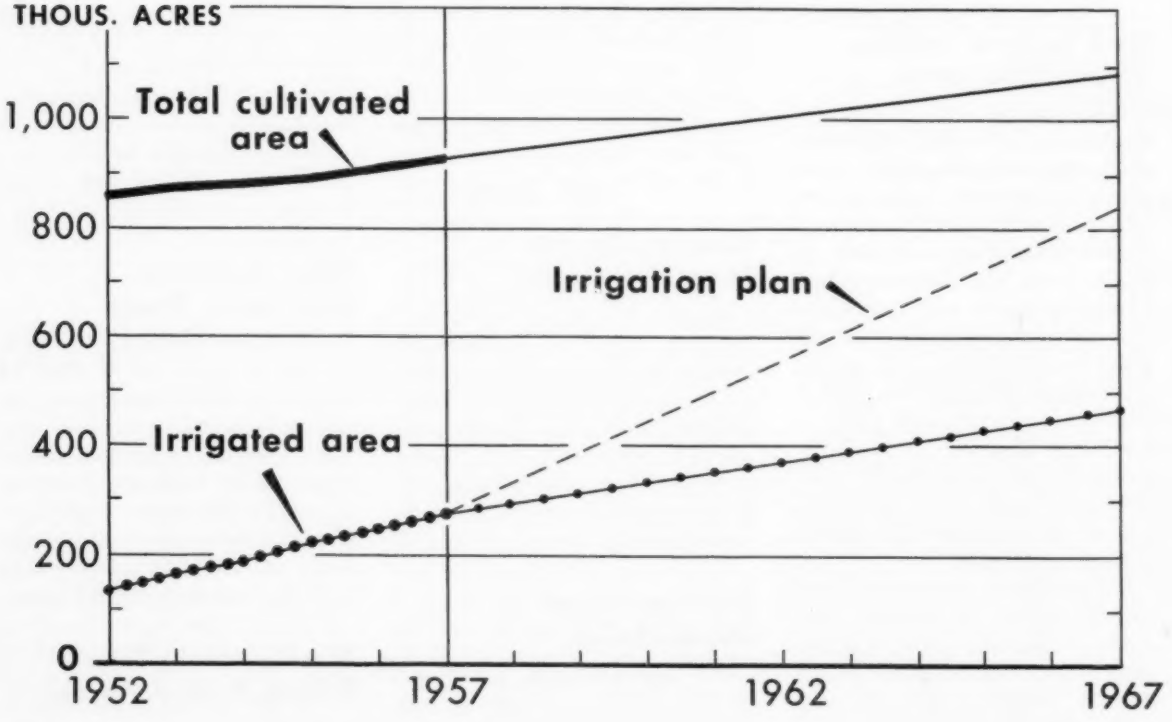
Israel's Crop Area, Irrigated and Total: 1952-57, With Projections to 1967



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